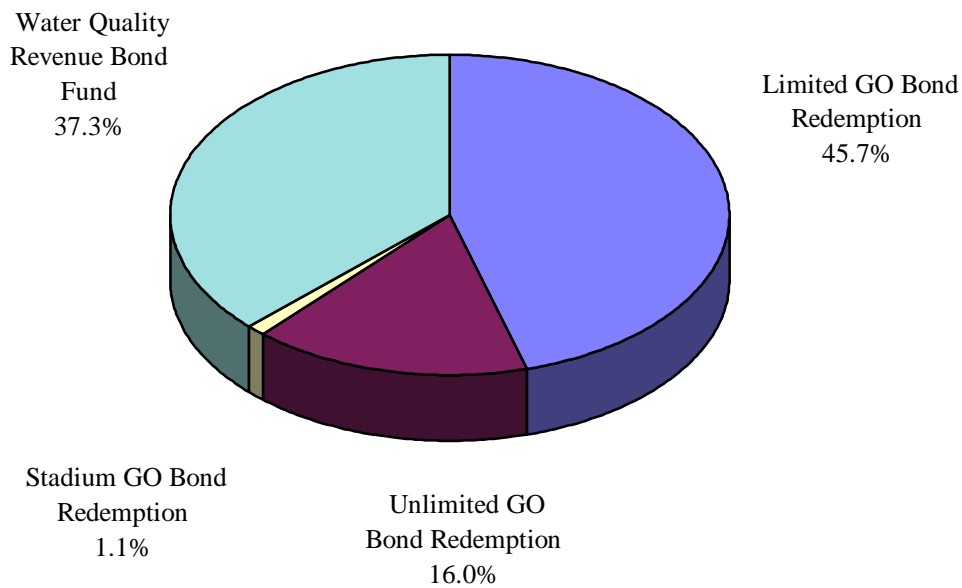
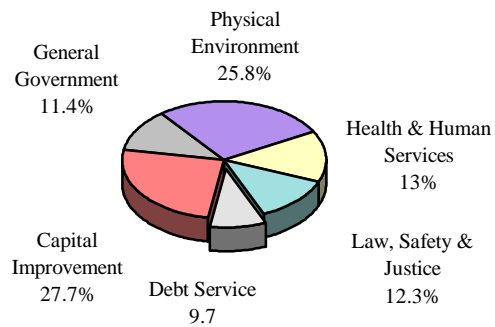


Debt Service  
\$238 Million



## **DEBT SERVICE PROGRAM PLAN**

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### **Issues and Priorities**

Debt service expenditures, the result of King County's bonded indebtedness, include payments of mature bonds interest and bond reserve requirements. Under the most favorable circumstances, a government's debt would be proportionate to the size and growth of its tax base, would not require repayment schedules that put excessive burden on operating expenditures, and would not be so high as to jeopardize its credit rating. In terms of its legal debt margin, King County's outstanding general obligation debt falls well below half of the debt limit calculated as a percent of total assessed value. See the County's CAFR (Comprehensive Annual Financial Statement) for details.

Regional capital needs are straining the financial resources of the County's local governments. This condition is being addressed by government oversight organizations and the County.

The idea of a regional capital financing oversight body has been taken up by The Greater Seattle Chamber of Commerce (The Chamber), the League of Women Voters, and the Municipal League. A Capital Finance Review Board (Board) has been organized and has begun work reviewing ballot measures proposed for each election and informing voters on capital projects. Information that the Board provides includes whether capital projects meet local and regional policy goals, are based on community needs, project their costs and tax impacts realistically within the context of current and anticipated debt, and are developed through open discussion between citizens and their representatives.

The Growth Management Act and the County's Comprehensive Plan are providing ways for the County to determine its critical capital needs and any funding gaps to critical capital infrastructure. If the County is not providing critical capital infrastructure such as roads to growing areas, then growth cannot take place under the Growth Management Act unless service standards are altered. These requirements have facilitated a lively debate about how capital infrastructure is financed and will lead to some long-term solutions to local government capital financing.

This process requires that King County take into consideration the capital needs of other governments in King County in an effort to determine how to develop a regional approach to prioritizing and financing major public capital projects such as transportation, housing, health facilities, parks and open space, and corrections facilities. The facilities component to the County Comprehensive Plan will ultimately address not only capital needs, but also financing options available to address those needs. The facility plan will give the County a basis upon which to plan for future debt issuance.

### **Near Term Plans for Issuing Limited General Obligation Bonds**

#### **1997**

Late in 1997, King County issued limited general obligation bonds to finance the following projects:

**Seattle Symphony.** The County will issue bonds to finance its \$3 million contribution to the Seattle Symphony for construction of a new performance venue. The City of Seattle and the County are participating in the financing of this project to leverage the funds available from the Symphony Foundation. The debt service will be paid by the County's Current Expense Fund.

**Pacific Science Center.** King County bond proceeds will help in funding a \$13 million capital expansion program at the Science Center.

**Refinance of Kingdome Debt.** Restructuring of outstanding Kingdome debt will align debt service requirements with the revenue stream for paying off the bonds from hotel/motel tax and car rental tax

## **DEBT SERVICE PROGRAM PLAN**

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monies as recently authorized by the State Legislature.

**Park Acquisition.** The County will issue \$12.5 million in bonds to partially finance the Open Space Linkage & Recreation Initiative. This includes three high priority property purchases: the Manke property, the Lake Sawyer property, and the Tollgate Farm property. Debt service will be paid by the Real Estate Excise Tax Fund.

**Major Facilities Projects.** Needed seismic retrofitting has been identified for a number of County facilities, including the Courthouse, the Jail, Police Precinct #4, and the Youth Detention Facility. \$5.8 million in bonds will be issued for the preliminary design phase of these projects as well as for design of the new King County Communications Center in Renton and for several other facility upgrades. Debt service on these bonds will be paid by the County's Current Expense Fund.

**Harborview Hospital Garage Expansion.** This project will add 325 parking stalls, a plaza and heliport to the garage. Debt service to be paid from the Harborview Capital Projects Fund.

**Galer Street Bridge.** King County will be contributing \$3.2 million in a participation with the City of Seattle and the Port of Seattle to build a bridge providing access to the waterfront site on which Immunex will locate their new headquarters. Councilmanic bonds, with debt service paid by the Current Expense Fund, will be issued to cover this contribution. Increased property tax revenue which the County will receive as a result of the Immunex project will be more than sufficient to cover the cost.

**Financial Systems Replacement.** This issue of \$32.7 million will be used to replace the two different financial systems which are currently used by King County and Metro with one integrated system. The debt service is to be paid from the various County funds.

**Open Access Recording System (OARS).** The existing system for recording documents must be replaced; the new system will also allow for electronic recording from off-site locations. Debt service will be paid by the Recorder's O&M Fund.

**Year 2000 Software Enhancement.** The proceeds of this issue will be used to design a systems fix for the problem created by the year 2000 not currently being recognized under the two digit code for dates. Debt service will be paid by the Information Technology Services Fund through billings to its customers.

**Elections Systems Replacement.** The existing Elections ballot tabulation system must be replaced; in addition the patchwork of computer systems used in election management will be consolidated into one. Part of the debt service will be recovered from the local jurisdictions for whom elections are conducted.

### **1998**

The County's 1998 Proposed Budget anticipates the issuance in 1998 of limited (Council approved) general obligation bonds of approximately \$14 million to help finance a variety of capital projects. Debt service on the bond issue will be paid from the County's Current Expense Fund. The projects include:

## DEBT SERVICE PROGRAM PLAN

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1998 Bond Financed CIP	
Black River Building Acquisition	8,500,000
District Court Location/Improvements	4,900,000
Technology Bond	3,250,000
Underground Storage Tanks	2,700,000
Cedar Hills Infrastructure Upgrade	1,676,000
Shooting Sports Park	1,375,500
Seismic Structural	1,344,719
Energy Conservation	1,196,344
Med Examiner's Office	435,553
Yesler Bldg Exterior Facades	355,250
<b>Total</b>	<b>25,733,366</b>

**Black River Building Acquisition:** Purchase building for County office space. The Department of Development and Environmental Services and the King County Assessor's office are the tenants. The debt service will be paid by these agencies in lieu of rent.

**District Court Location/Improvements Facilities:** The current location and building housing Issaquah District Court is under review for possible improvements or relocation.

**Technology Bond:** An additional \$3.25 million will be bonded in 1998 for the continuation of a set of technology projects selected by the Information Resource Committee (IRC). The debt service will be an obligation of the Current Expense Fund.

**Underground Fuel Storage Tanks:** Environmental regulations require that the County remove, upgrade, or fill tanks used to store gasoline, diesel or waste oil. This amount will fund the removal and replacement costs for CX agency tanks.

**Cedar Hills Infrastructure Upgrade:** The Cedar Hills facility is in need of improvements to fire alarms, fuel tank and piping integrity, heating system backup equipment, mechanical room ventilation, etc. This project will also fund enhancements to infrastructure linkage between buildings.

**Police Shooting Range:** \$1.3 million is proposed to complete the shooting range in the Ravensdale area.

**Structural Seismic Retrofit of Selected County Facilities:** The 1998 budget includes funding necessary to continue the implementation of the structural retrofits according priorities identified in the 1994-95 seismic evaluation of 37 County facilities. The construction phase will be completed at the KCCF, Precinct #4, the Administration Building and the DYS facility. Design work will be completed for the health clinics in Renton, White Center and Auburn.

**Energy Conservation Program:** The Executive proposes to continue the County commitment to the energy conservation initiative which began in 1997. This project funds modifications to various County facilities in order to save energy. This program will result in reduced energy expenses and utility company grants and/or rebates.

**Medical Examiner's Office:** This project will convert a vacated laboratory into useable office space for the Medical Office staff. Additional storage space will be provided and the computer equipment room will have enhanced ventilation and hardware security.

## **DEBT SERVICE PROGRAM PLAN**

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**Yesler Bldg Exterior Facades:** This project will restore exterior facades while providing enhanced seismic strength.

The following table summarizes appropriations by fund to cover debt service on the County's Limited (councilmanic) and Unlimited (voter-approved) General Obligation, Stadium General Obligation and Water Quality Revenue Bond Redemption Funds.

<u>1996 Adopted</u>	<u>1997 Adopted</u>	<u>1998 Proposed</u>	<u>1998 Adopted</u>
\$ 75,126,960	\$ 76,928,759	\$ 108,910,762	\$ 118,227,501
48,118,243	42,603,945	38,040,954	38,040,954
2,542,913	2,542,030	2,537,761	2,537,761
91,500	-	-	-
67,896,863	69,059,863	88,938,000	53,933,000
<hr/>			
<u>\$ 193,776,479</u>	<u>\$ 191,134,597</u>	<u>\$ 238,427,477</u>	<u>\$ 212,739,216</u>